United Nations A/62/794

General Assembly

Distr.: General
9 April 2008

Original: English

Sixty-second session
Agenda item 128
Programme budget for the biennium 2008-2009

Improving and modernizing the conference facilities and construction of additional office facilities at the United Nations Office at Nairobi

Report of the Secretary-General

Summary

In its resolution 58/272, the General Assembly approved the improvement and modernization of the conference facilities at the United Nations Office at Nairobi in order to adequately accommodate major meetings and conferences, with an estimated total funding requirement of $3,479,000. In the same resolution, a report was requested on experience gained from operating the modernized conference facilities. Section II of the present report outlines the current status of the project and the proposal to proceed with the next phase. It also seeks the approval of the General Assembly of the revised cost estimates owing to new requirements identified since the last report.

Section III relates to the current status of the project for the construction of office facilities at the United Nations Office at Nairobi and presents the Secretary-General's proposals for proceeding further with the construction. It may be recalled that by its letter of 12 December 2001, the Advisory Committee on Administrative and Budgetary Questions conveyed its concurrence with the proposal of the Secretary-General for the initiation of the pre-construction phase of the project.

Section IV addresses funding considerations; section V provides conclusions; and section VI recommends action the Assembly may wish to take under sections II and III. Supplementary tables and charts are provided in annexes I-III.

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I. Introduction

1. Section II of the present report deals with the improvement and modernization of conference facilities at the United Nations Office at Nairobi while section III addresses the construction of additional office facilities at the same duty station.

2. In its resolutions 55/222, 56/242 and 57/283 B, the General Assembly requested the Secretary-General to consider improving and modernizing the conference facilities at the United Nations Office at Nairobi in order to adequately accommodate major meetings and conferences.

3. The review undertaken by the Secretariat in response to those requests highlighted a pressing need to modernize the United Nations conference facilities in Nairobi since they no longer met the needs of the institutional clients of the United Nations Office at Nairobi, namely, the United Nations Environment Programme (UNEP) and the United Nations Human Settlements Programme (UN-Habitat). In its resolution 58/272, the General Assembly approved the improvement and modernization of the conference facilities at the United Nations Office at Nairobi in order to adequately accommodate major meetings and conferences, with an estimated total funding requirement of $3,479,000. In the same resolution, a report was requested on experience gained from operating the modernized conference facilities. Section II of the present report outlines the current status of the project and seeks the approval of the General Assembly for the revised cost estimates due to new requirements identified since the last report (A/58/530).

4. Section III of the present report relates to the current status of the project for the construction of office facilities at the United Nations Office at Nairobi and presents the Secretary-General's proposals for proceeding further with that construction. It may be recalled that by its letter of 12 December 2001, the Advisory Committee on Administrative and Budgetary Questions conveyed its concurrence with the proposal of the Secretary-General for the initiation of the pre-construction phase of the project.

II. Improving and modernizing conference facilities at the United Nations Office at Nairobi

Progress of the project and current status

5. By its resolution 58/272, the General Assembly authorized the modernization of the existing conference facilities at the United Nations Office at Nairobi and requested the Secretary-General to report to the General Assembly on the experience gained from operating the modernized conference facilities of the United Nations Office at Nairobi during the biennium 2006-2007.

6. The implementation of the modernization of the conference facilities was initially delayed owing to design considerations, various post vacancies in the Office's Facilities Management Service and the full commitment of existing resources to, inter alia, the implementation of projects to strengthen security and safety. As regards design considerations in particular, while it was initially anticipated that some of the design could be accommodated internally, the extent and complexity of the project subsequently required external expertise.

7. Subsequently, in May 2005 a project consultant was selected for the design and construction work. However, upon further consideration, it was decided that, in order to ensure the best possible design solution, the consultant would review the conference facilities at other United Nations headquarters duty stations, including Geneva, Vienna, Addis Ababa and London, before the commencement of the concept design. The concept design submission was therefore delayed until November 2005.

8. The project consultant submitted the schematic design for approval in March 2006. In the ensuing period, owing to the full commitment to the preparation and servicing of an increased number of meetings (total number of meetings increased from 1,549 in the previous year to 1,763), some of which were high-profile meetings (for example, the twelfth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change), a full review of the schematic design was delayed and the design was not approved until December 2006.

9. In the original project scope, the design included the following components:

(a) An increase in seating capacity to create a large meeting room of 1,200 seats;

(b) A modern fully digital conference system;

(c) Updated and International Organization for Standardization (ISO)-compliant simultaneous interpretation facilities;

(d) Upgrades to the physical facilities, including improved acoustics, ventilation and data-distribution systems.

10. The project consultant further advised the incorporation of several critical requirements that had not initially been anticipated, including future high definition video compatibility; repositionable interpretation booths in rooms 3 and 4; modified design for air-conditioning in line with environmental initiatives adopted by the United Nations to provide for forced-air ventilation and/or evaporative cooling; full integration of the conference rooms; additional electrical infrastructure; and a broadcast link to the press centre to provide coverage of proceedings.

11. The expansion in scope would allow better utilization of the combined rooms 2 to 4 as a main plenary, with fully integrated conference room facilities to better meet modern conference requirements. It would improve the integration of conference rooms and the press centre to facilitate broadcast of proceedings. It would also introduce much-needed technology improvements to support advanced broadcasting needs, e.g., high definition compatibility; audio and visual synchronization (speakers tracked by floor camera); and connectivity for all attending delegates, support and conference-management staff. However, while the expansion of scope would not significantly increase the capacity of existing conference facilities it would significantly increase the usability, flexibility and technical capability of existing conference facilities to meet basic current and future requirements. Consequently, the expansion in scope was considered essential by the United Nations Office at Nairobi.

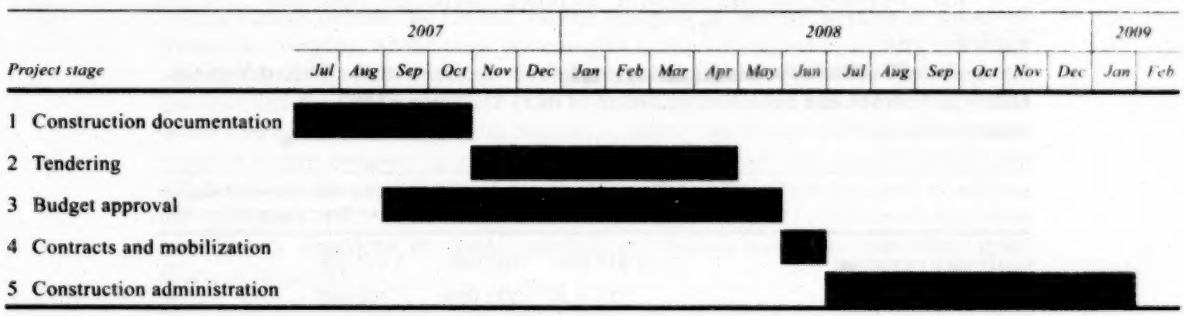
12. In his report (A/58/530), the Secretary-General envisaged a total modernization of all the conference rooms (1 to 8). Having considered the report of the Secretary-General, the Advisory Committee on Administrative and Budgetary

Questions (see A/58/7) identified rooms 1, 5, 6, 7 and 8 as the top priority for modernization and assigned rooms 2, 3 and 4 for modernization subsequently. Following consideration of current and projected needs, the United Nations Office at Nairobi intends to renovate all rooms at once, with an anticipated renovation schedule of six to seven months. This will require the closure of rooms 1 to 8 during the renovation period.

13. To ensure continued availability of facilities while the renovation of rooms 1 to 8 is under way, the United Nations Office at Nairobi intends to use six rooftop semi-permanent meeting rooms (rooms 9 to 14) to provide temporary conference services. Those six rooms were located on the roof of the conference facilities; they were constructed for the twelfth session of the Conference of Parties to the United Nations Framework Convention on Climate Change and refurbished with necessary equipment and furniture during the biennium 2006-2007.

14. The United Nations Office at Nairobi is taking all necessary measures to ensure that the modernization project for conference rooms 1 to 8 can be completed by the beginning of February 2009 before the Governing Council sessions of UNEP and UN-Habitat. Procurement for all conference equipment has been completed, with approval provided by the Local Committee on Contracts in December 2007. Construction is expected to commence at the beginning of the third quarter of 2008. A summary of the project schedule is set out in table 1.

Table 1
Project schedule for modernizing conference facilities at the United Nations Office at Nairobi



15. The project schedule was developed based on the working assumption that approvals by the General Assembly of the revised cost estimates would be obtained by the beginning of June 2008 in order to enable the award of contracts followed by one month of mobilization with the contractor in June 2008. Construction would thereafter start at the beginning of July 2008 and is estimated to be completed by the beginning of February 2009 in time for the holding of the annual session of the Governing Councils of UNEP and UN-Habitat and subsequent scheduled meetings.

Revised cost estimates

16. It will be recalled that in the report of the Secretary-General (A/58/530), the General Assembly was requested to authorize $3,479,000 for the modernization of the conference centre at the United Nations Office at Nairobi, to be financed from: (a) resources already proposed under section 33 of the proposed programme budget

for the biennium 2004-2005 in the amount of $1,427,000; (b) uncommitted resources available in the construction-in-progress account in the amount of $913,000; and (c) an additional provision of $1,139,000 to be authorized under the terms of General Assembly resolution 42/211 and its annex governing the use and operation of the contingency fund.

17. The cost estimate of $3,479,000, as approved by the General Assembly in its resolution 58/272, was preliminary and based on anticipated cost per square metre (m^2). Following the detailed design prepared by the project consultant as reflected above, the project cost has been revised to approximately $5,378,000, or an increase of $1,899,000 over the original estimate of 2003. However, based on the ability to purchase conference equipment during the course of the biennium 2006-2007, the total revised estimated increase amounts to $1,276,800 (see table 2). The increase may be explained by the following factors:

(a) After a series of thorough project stage-related design exercises, a more detailed breakdown of costs has been produced;

(b) Currency fluctuation has resulted in an appreciation of 14 per cent of the local currency over the dollar since the inception of the project, thus increasing the project cost;

(c) Technical requirements have been added and the scope of works expanded beyond that initially anticipated (see paras. 10 and 11 above).

18. A summary of the revised cost estimate and actual expenditure as of 31 December 2007 is set out in table 2.

Table 2
Revised cost estimate for modernizing conference facilities at the United Nations Office at Nairobi and actual expenditure as of 31 December 2007
(United States dollars)

	Approved estimates in resolution 58/272	*Increase*	*Revised cost estimate*	*Expenditure as of 31 December 2007*
Conference equipment	1 810 300	622 200	2 432 500	—
Furniture	771 000	(271 000)	500 000	—
Construction costs	897 700	834 300	1 732 000	—
Design and consultancy services		247 000	247 000	121 269
Construction contingencies		466 500	466 500	—
Subtotal	**3 479 000**	**1 899 000**	**5 378 000**	**121 269**
Less: Conference equipment already acquired during the biennium 2006-2007		(622 200)		
Total	**3 479 000**	**1 276 800**	**4 755 800**	**121 269**

19. It should be noted that no architect or consultant was involved in the preparation of the proposal in 2003, when initial costs were estimated at $3,479,000. Following the benefit of consultation with an architectural firm, the level of

construction and architectural complexity were fully realized and it has been possible to establish more clearly defined estimates for construction, design, consultancy and contingency.

20. The revised furniture estimate of $500,000 is based on the current assumption that existing furniture will be refurbished and utilized, and only a minimal amount of new furniture will be purchased. This is a departure from the original assumption, under which the amount of $771,000 would have provided for the acquisition of mostly new furniture.

III. Construction of additional office facilities at the United Nations Office at Nairobi

Background

21. In its resolution 44/211, the General Assembly called on all organizations of the United Nations system, inter alia, to make the necessary arrangements for implementation of the United Nations common house concept for establishing common premises at the country level. In line with that resolution, the report of the Secretary-General on United Nations office accommodations at Nairobi was submitted to the Advisory Committee on Budgetary and Administrative Questions on 29 October 2001.

22. The basis for the report of the Secretary-General was a survey conducted in 2001, which identified a need for 11,045 m^2 of additional space if all United Nations offices located outside the United Nations complex in Nairobi were to be relocated within the complex. At the time, the complex housed 27 regional, country and other offices of the United Nations funds, programmes and agencies, including the headquarters for UNEP and UN-HABITAT. Owing to limited office space available in the United Nations complex in Nairobi, a further 44 United Nations offices were required to rent commercial office accommodations outside the complex. Additional office space equivalent to six of the existing office blocks was required to address the estimated 10,261 m^2 shortfall. Accordingly, it was considered that new construction would be the most practical solution to overcome the office space shortage identified.

23. Preliminary analysis on the basis of the cost of earlier construction projects in Nairobi indicated that such construction would cost an estimated amount of US$ 13.4 million, including a pre-construction phase that would entail: (a) arrangements for the supervision of the project by Headquarters; (b) award of contract for a design consultant/architect; (c) completion of detailed design of the construction and bill of quantities; (d) preparation of full documentation for an international tender for the construction contract; and (e) preparation of accurate cost estimates for the construction project. It was envisaged that upon completion of the pre-construction phase, the detailed project documentation would be submitted to the Advisory Committee for its review, along with proposals for the timetable of the construction phase of the project. Administrative arrangements for the construction project were to be in accordance with the recommendations of the Advisory Committee in its reports (see A/36/643; and A/38/7/Add.2, para. 25) that such projects be centrally managed by United Nations Headquarters. Appropriate arrangements were also to be established for the local management of the project,

including liaison with local architects, quantity surveyors and the intended tenants of the new buildings.

24. Based on a cash-flow analysis at that time, it was projected that rental income from 2005 through 2008 would be utilized to accommodate the full cost of the project and the regular budget would not be required to provide any additional funds for the project. A financing mechanism in the form of a loan from UNEP was also to be employed to ensure sufficient cash flow for the project; that model had been used in the previous construction of office space in Nairobi in 1993. The Secretary-General sought the concurrence of the Advisory Committee for initiation of the pre-construction phase of the project and the authority to enter into commitments up to the amount of $1,416,800 against the advance to be received from UNEP to finance the costs associated with the first phase of the project.

25. Upon receipt of the approval from the Advisory Committee, the United Nations Secretariat and UNEP entered into discussions to secure the loan facility so that the project could commence. In those discussions the then Executive Director of UNEP advocated that the interest on the loan be fixed at 6 per cent, a level considerably higher than existing market rates. Following agreement to that condition by the then Under-Secretary-General for Management, an agreement between UNEP and the United Nations Secretariat on an advance from the Environment Fund to finance the construction of additional office space at the United Nations complex in Nairobi was signed by both parties on 27 July 2002. The agreement provided for a loan facility of up to $8.0 million from the Environment Fund Financial Reserve.

Progress to date

26. On 18 December 2002, a request for a proposal for architectural services was issued. Bids were received on 19 February 2003 and the evaluations concluded on 28 March 2003. The final proposal for award of the contract was submitted to the Headquarters Committee on Contracts on 15 July 2003 and was approved on 30 July 2003. A pre-award meeting with the successful company was held in New York on 13 August 2003. Following legal clearance, the contract was awarded on 4 December 2003 and the company commenced work on 19 January 2004. In accordance with the terms of reference, the work was to proceed through the following phases:

(a) Pre-design/programming/concept design;

(b) Schematic design;

(c) Design development/detailed design;

(d) Construction documentation;

(e) Tendering;

(f) Construction administration.

27. After the initial work outlined in the contract, the final schematic design was submitted to both the United Nations Office at Nairobi and United Nations Headquarters on 7 July 2004; it was approved, with minor exceptions, and the company was directed to proceed with the detailed design phase. The first submission of the detailed design was made on 6 December 2004; however, it was

not accepted owing to a significant number of inaccuracies and numerous incomplete drawings, and detailed comments were forwarded to the company on 7 January 2005. On 21 January 2005, a revised submission was provided by the company; again, after a review on 3 April by representatives of both United Nations Headquarters and the United Nations Office at Nairobi, the submission was rejected in its entirety for the same reasons. Consequently, the company was instructed to resubmit the detailed design by 27 May 2005. After a further delay, the detailed design was formally accepted on 26 June 2005 and an undertaking was given by the company to submit the final construction drawings by 30 September 2005. Unfortunately, that deadline was not met.

28. In February 2006, representatives of United Nations Headquarters and the United Nations Office at Nairobi convened a meeting with the company to resolve the delays in submission of the final construction drawings, and the company was subsequently instructed to submit the final construction documents to the United Nations no later than 28 April 2006. Once again, the deadline was not met and a decision was ultimately taken to terminate the contract through a formal letter sent on 16 July 2006.

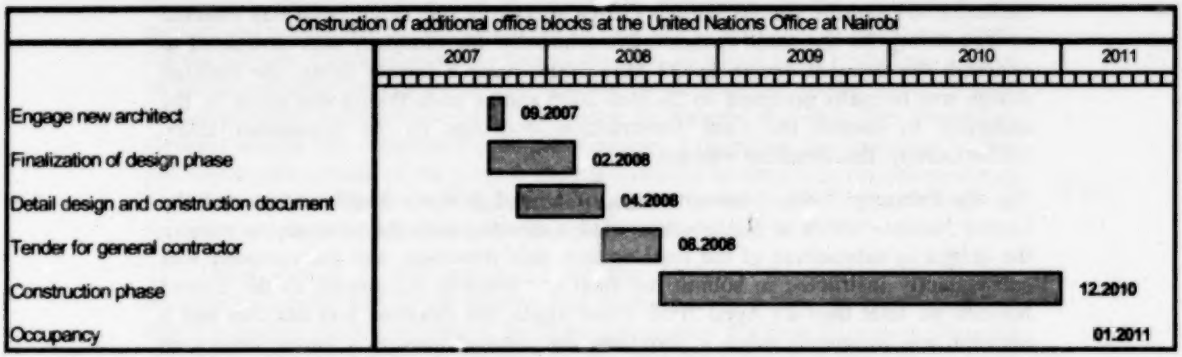
29. To advance the project after the numerous setbacks described above, it was decided to use the design concept already prepared but to contract another architectural firm to complete the design and construction phases. In the light of the experience with the previous company, authority was granted to the United Nations Office at Nairobi to tender for a new architect locally and an expression of interest in order to pre-screen candidate firms was circulated in the local Kenyan media in August 2006.

30. Further delay ensued pending a settlement with the previous architectural firm, which was subsequently concluded in December 2006, and the United Nations took full possession of the work product of the company.

31. On 13 February 2007, a request for proposals was circulated to 12 Kenyan architectural firms, following which a local architectural firm was identified and a contract signed in September 2007. The newly hired architectural firm has made good progress in providing preliminary cost estimates as well as in design development. The project moved into the detail design and construction documentation phases in January 2008, and the United Nations Office at Nairobi expects to be in a position to proceed to tender for the construction by May 2008.

32. The project schedule for the construction is set out in table 3. The detailed design and construction documentation phases will be completed by the second quarter of 2008, followed by a tender for construction that is expected to conclude by the second half of 2008. Construction is expected to begin in September 2008, with a completion date of end-2010 and occupancy in January 2011.

Table 3
Project schedule for construction of additional office facilities at the United Nations Office at Nairobi



Revised cost estimates

33. It may be recalled that in 2001, the United Nations Office at Nairobi reported 23,139 m^2 of usable office space in the complex and estimated a requirement of additional 11,045 m^2 in order to relocate all United Nations offices in Nairobi into the complex. Since then, a number of initiatives have been undertaken by the United Nations Office at Nairobi to increase usable office space by rationalizing existing structures, reducing circulation areas and reclaiming some common space (open office project and conversions of the kitchen, coffee shop and open concourse areas to usable office space). As a result, the current usable office space in the complex is 25,852 m^2 — an increase of 2,713 m^2.

34. To ensure an accurate estimate of the additional space required by current and incoming tenants at the United Nations complex in Nairobi, the United Nations Office at Nairobi conducted a new space survey in August 2007. The result (see annex I) shows that the office space requirements of the existing tenants in the complex, including projected growth over the next three years, amount to 33,028 m^2, which represents a shortfall of 7,176 m^2 or 28 per cent when compared to 25,852 m^2 of available space. United Nations offices located outside the United Nations complex in Nairobi currently need 7,810 m^2 of office space; that requirement is expected to grow to 10,237 m^2 by 2010. In summary, it is estimated that, by 2010, the total office space requirement in the United Nations complex in Nairobi will be 43,265 m^2, compared to currently available space of 25,852 m^2, representing a shortfall of 17,413 m^2.

35. Based on the findings of the survey, a new three-story office building is proposed, comprising 16,500 m^2 of usable office space. The difference of 913 m^2 between the total projected requirements and total space provided by the proposed construction will be met through further rationalization of overall office space.

Security requirements

36. As concerns security requirements, the construction of new office facilities entails certain elements of risk assessment, mitigation measures, structural modifications, fire protection and the upgrading of safety systems. To effectively

provide security services to the construction areas and other areas of the complex in which the work and activities of the United Nations will continue to be performed, it has been estimated that 14 additional security officers will be required to provide security patrols. Internal patrols will become even more critical during the construction phase, both as a result of access to the premises by construction workers and to ensure the security of construction materials. Since current security patrols will not be able to absorb this work in the performance of their routine functions, 14 additional security officers would be required to conduct security-patrolling duties on a 24-hour basis.

37. To meet the above requirements, a provision of $1,119,200 will be required in the biennium 2008-2009, consisting of: (a) $1,058,300 for general temporary assistance and overtime for 14 security officers for the period September 2008-December 2009; (b) $21,700 for contractual services for training; and (c) $39,200 for uniforms and uniform items.

38. Accordingly, the revised project cost is estimated at $25,252,200, as detailed by component in table 4. The site plan and a section of the proposed additional facilities are set out in annex II.

Table 4
Revised project cost estimates for construction of additional office facilities at the United Nations Office at Nairobi
(United States dollars)

Estimated or actual cost	*Amount*
1. Total funds expended as of 31 December 2007	1 469 000
1.1 Architect's fee (payment to and settlement with the previous architect)	477 000
1.2 Architect's fee (payment to new architect)	400 000
1.3 Supervision and project management	429 000
1.4 Borrowing costs (interest incurred on the loan from UNEP)	163 000
2. Building cost estimate	18 700 000
2.1 Building construction estimate	16 200 000
2.2 Demountable partitions	1 500 000
2.3 Access control and infrastructure upgrades	1 000 000
3. Architect, consultant and supervision	2 094 000
3.1 Architect's fees	1 100 000
3.2 Consultation and supervision	994 000
4. Contingency: 10 per cent of building cost	1 870 000
5. Security requirement	1 119 200
Total project cost estimate	**25 252 200**

39. The increase over the original estimate may be accounted for as follows:

(a) The original estimates in 2001 were based on the most current construction experience the United Nations Office at Nairobi had at that time (namely, the 1993 office construction); it was only after the expertise of an architect

and quantity surveyor were obtained that the calculation of estimates was refined and more clearly defined;

(b) The exchange rate of the Kenyan shilling declined against the United States dollar from 77 to 63 between 2001 and 2007, a loss exacerbated by an inflation rate of over 25 per cent;

(c) New security standards have been made necessary in recent years, such as access control and buildings security, which require the construction of cabling infrastructure to allow for data and power points for access control and CCTV;

(d) After detailed design, it was discovered that the existing electricity and water-supply infrastructure was insufficient to accommodate the new building. As a result, engineering and electrical upgrades have become necessary.

IV. Funding considerations

Improving and modernizing conference facilities

40. As of 31 December 2007, there was a balance of $289,800 in interest income in the construction-in-progress account accrued to funds for this project. Subject to the approval of the General Assembly, that interest income would be used to offset the additional requirements identified in table 2. Accordingly, the net additional requirement for this project under section 32 of the programme budget for the biennium 2008-2009 would amount to $987,000, for which a commitment authority is sought.

Construction of additional office facilities

41. As reflected in the proposed programme budget for the biennium 2004-2005 (A/58/6 (Income section 2)), the projected rental income for the period 2004 to 2012 would be utilized to finance the project. Accordingly, no regular budget resources have been sought.

42. In accordance with established procedures, the project will be carried out under the general supervision of the Office of Central Support Services at United Nations Headquarters. An on-site project manager has been appointed to oversee the project from design through completion.

43. The original funding model for the construction of the additional office space was based on the assumption that work would commence in March 2003, and that, by combining the loan from UNEP, interest accruing from it and the rental income, there would be sufficient cash flow for the project. The rental income in the post-construction period was to be utilized to reimburse the Environment Fund Financial Reserve for the construction loan. Under the loan arrangement, the Environment Fund Financial Reserve advanced US$ 1.4 million for the pre-construction phase. However, given the high interest rate on that loan, it was fully repaid in January and February 2006 from the rent accumulated in the construction-in-progress account. Accordingly, the loan agreement between the United Nations and the Environment Fund has expired.

44. As of 31 December 2007, the accumulated balance of the construction-in-progress account amounts to $9,773,200 as available funding for this project, including $8,975,000 as accumulated rental income from 2004 to 2007 and

$798,200 as interest income accrued to the rental income. To meet the revised project cost of $25,252,200 identified in paragraph 38 above, additional future rental revenues of US$ 15,479,000 will be required to fund the balance. The construction schedule outlined in paragraph 37 above has been phased in line with available revenues to ensure that the project is totally funded through rental income. The cash-flow analysis (see annex III) shows that the expected rental income between 2008 and 2012 will cover the disbursement schedule required to complete the construction.

45. Taking all of the above into account, the approval of the General Assembly is sought to proceed with the construction of additional office facilities at Nairobi, at a total revised estimated cost of $25,252,200 (at current prices), to be funded from a combination of (a) current accumulation of rental income (at $8,975,000 as of 31 December 2007) and interest income (at $798,200 as of 31 December 2007); (b) future rental income earned over the next five years (2008-2012); and (c) future interest income generated by rental income in the construction-in-progress account. Once all costs have been covered, rental income in Nairobi will revert to and be disclosed in Income section 2, General income of the programme budget for the relevant biennium. Current analysis predicts that this will occur during 2012 (see annex III).

V. Conclusions

46. As noted above, delays in the design phase, additional requirements relating, inter alia, to ensuring safety and security, and unforeseen construction components that have become necessary, have together increased the cost of both projects at the United Nations Office at Nairobi. It is anticipated that the total cost of the conference facilities project would amount to $5,378,000, while the total cost of the additional office facilities project would amount to $25,252,200.

47. On the basis of the fund and interest balance in the construction-in-progress account as of 31 December 2007, a commitment authority by the General Assembly is sought at the present time under section 32 ($987,000) for improving and modernizing conference facilities at the United Nations Office at Nairobi, to be reported in the context of the second performance report for the biennium 2008-2009.

48. On the basis of the fund and interest balance in the construction-in-progress account as of 31 December 2007 and the projected rental income from 2008 to 2012 (see annex III), approval by the General Assembly is sought for the use of interest income generated by accumulated rental income in the construction-in-progress account for the construction of the additional office facilities at the United Nations Office at Nairobi.

VI. Actions to be taken by the General Assembly

49. **The General Assembly may wish to:**

Improving and modernizing conference facilities at the United Nations Office at Nairobi

(a) **Approve the revised total estimated cost of $5,378,000 (at current rates) for improving and modernizing conference facilities at the United Nations Office at Nairobi;**

(b) **Approve the use of interest income of $289,800 as at 31 December 2007 for the costs of improving and modernizing conference facilities at the United Nations Office at Nairobi;**

(c) **Approve a commitment authority in the amount of $987,000 under the programme budget for the biennium 2008-2009 under section 32, Construction, alteration, improvement and major maintenance, for improving and modernizing conference facilities at the United Nations Office at Nairobi, to be reported in the context of the second performance report for the biennium 2008-2009;**

Construction of additional office facilities at the United Nations Office at Nairobi

(d) **Approve the revised total estimated cost of $25,252,200 (at current rates) for the construction of additional office facilities at the United Nations Office at Nairobi;**

(e) **Approve the use of interest income of $798,200 as at 31 December 2007, and also decide to approve the use of future interest income generated by accumulated rental income, for the construction of additional office facilities at the United Nations Office at Nairobi.**

Annex I

Office space requirements of the United Nations Office at Nairobi, 2007

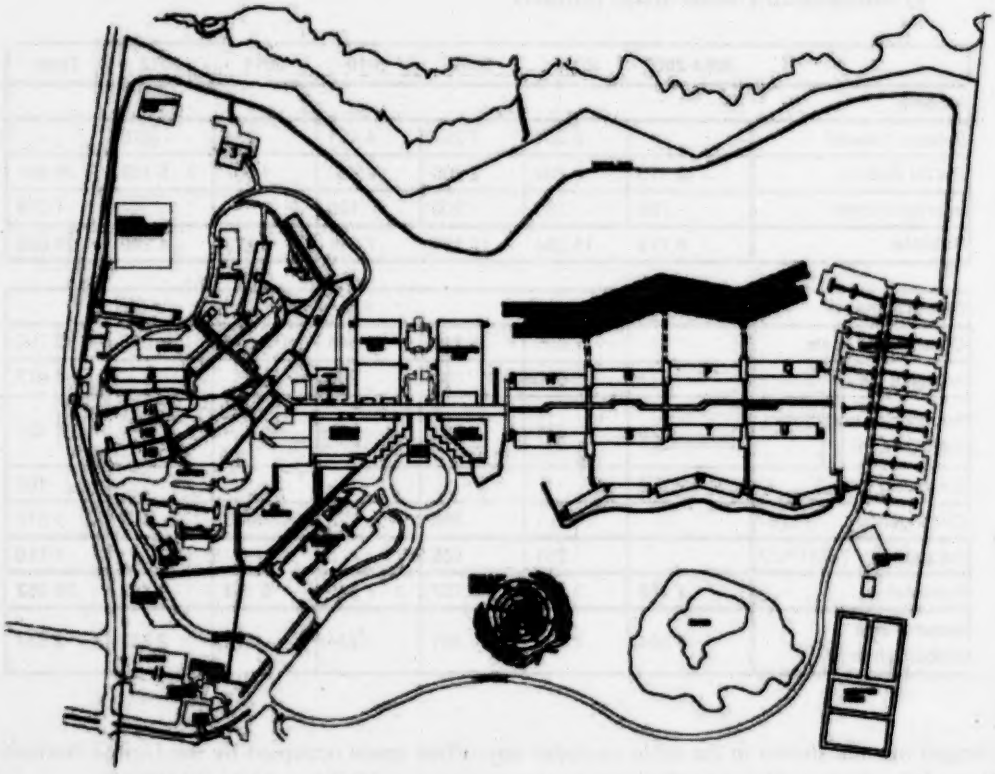
	TYPE OF OFFICE	ORGANIZATION	CURRENT M² TOTAL SPACE	PROJECTED M² TOTAL SPACE	SUMMARY M² GRAND TOTAL OF SPACE REQUIRED
INSIDE UN COMPLEX, GIGIRI	HEADQUARTERS	UNEP	7 344	591	7 935
		UN-HABITAT	4 361	1 443	5 804
		UNON	7 166	822	7 988
	KENYA COUNTRY OFFICE	UNAIDS	114	0	114
		UNDP	1 086	396	1 482
		UNICEF	2 055	414	2 469
		UNIDO	57	0	57
		UNFPA	220	24	244
		UNRC	84	237	321
		UNV	33	0	33
		WFP	1 491	1 083	2 574
	REGIONAL OFFICE	ICAO	234	0	234
		IMO/ESA	44	138	182
		OIOS	329	600	929
		UN ISDR - AFRICA	51	57	108
		UNCRD - AFRICA	127	45	172
		UNESCO PEER	225	0	225
		UNIC	99	0	99
		UNICEF ESARO	1 086	207	1 293
		UNFEM	149	84	233
		UNODC/ROEA	210	321	531
		SUB-TOTAL 1	26 565	6 462	33 027
	Current available usable office space for 19 office blocks and block J (sq.m)[a]				25 852
	[a]Excludes areas clearly delineated and agreed upon as common areas (e.g. conference rooms, library, visitors pavilion, etc.) as well as those areas used by services operated on a direct charge basis (e.g. post office, travel agency, telecommunications services, etc).				
OUTSIDE UN COMPLEX	COMBINED OFFICE	FAO	326	237	563
		ILO	139	84	223
		UNPOS	396	171	567
		WMO	47	117	164

	KENYA COUNTRY OFFICE	UNHCR BRANCE OFFICE	1 265	90	1 355
		WHO	631	207	838
	PROJECT OFFICE	AMSCO/ROEA	156	15	171
		UNDESA	126	237	363
	REGIONAL OFFICE	UNHCR GLR	96	0	96
		UNHCR RSH	668	135	803
		UNOCHA/IRIN	498	231	729
	SOMALIA OFFICE	UNDP	954	123	1 077
		UNHCR BRANCH OFFICE	284	96	380
		UNIFEF	930	192	1 122
		UNOCHA	109	99	208
		WFP	529	141	670
		WHO	273	126	399
	SUDAN OFFICE	UNOCHA	136	0	136
		WHO	247	126	373
		SUB-TOTAL 2	7 810	2 427	10 237
	INSIDE UN COMPLEX		26,565	6 462	33 027
	OUTSIDE UN COMPLEX		7,810	2 427	10 237
	SUB-TOTAL 1 + 2		34,375	8 889	43 264
	OFFICE SPACE SHORTFALL		-8,523		-17 412
	Projected usable office space (new construction) (m^2)				16 500
	Plus net available office space (m^2)				25 852
	Total space available after construction (m^2)				42 352
	Total space required (m^2)				43 265
	Space surplus/deficit (m^2)				(913)

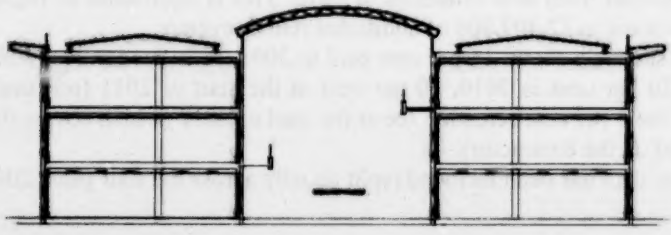
Note: The difference of 913 m^2 between the total requested and total provided for by the construction will be met through ongoing rationalization of overall office space.

Annex II

Site plan and building section for the proposed additional office facilities at the United Nations Office at Nairobi



Site plan for proposed new office construction



Building section for proposed new office construction

Annex III

Cash-flow analysis relating to the construction of additional office facilities at the United Nations Office at Nairobi

(Thousands of United States dollars)

	2004-2007	2008	2009	2010	2011	2012	Total
Income							
Balance forward	-	8 304	7 267	4 461	(234)	(870)	-
Rental income	8 975	2 700	2 700	2 700	4 507	5 109	26 691
Interest income	798	250	200	150			1 398
Subtotal	**9 773**	**11 254**	**10 167**	**7 311**	**4 273**	**4 240**	**28 089**
Disbursements							
Construction costs		2 805	3 740	6 545	4 675	935	18 700
Architect fees	877	600	300	200			1 977
Supervision and project management	429	331	331	332			1 423
Borrowing costs	163						163
Contingency			468	468	468	468	1 870
Security		251	868				1 119
Subtotal	**1 469**	**3 987**	**5 707**	**7 545**	**5 143**	**1 403**	**25 252**
Income less disbursements	**8 304**	**7 267**	**4 461**	**(234)**	**(870)**	**2 837**	**2 837**

Notes:

1. Rental income shown in the table excludes any office space occupied by the United Nations Office at Nairobi, and also reflects the discount in rental charges to UNEP and UN-HABITAT.
2. A 20 per cent increase in rental rates has been factored into the rental income from 2008 ($/m^2). Rental rates in the longer term will be subject to revision.
3. Partial rental revenue assumed from new offices starting 2011. Assuming 75% of the new net usable area (16,500 m^2) at a rate of $146/m^2, which is equivalent to $1,807,000 of additional rental revenue.
4. Full rental revenue assumed from new offices as of 2012. This is equivalent to 16,500 m^2 at a rate of $146/m^2 which is equivalent to $2,409,000 of additional rental revenue.
5. Construction payment schedule shows 16 per cent paid in 2008 (mobilization fees and initial payment), 23 per cent in 2009, 30 per cent in 2010, 20 per cent at the start of 2011 (practical completion and project handover) and the 5 per cent retention fee at the start of 2012 (which covers the one year defect liability period imposed on the contractor).
6. A contingency of 10 per cent has been included (split equally across the four years 2009-2012).